



# Department of Justice

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## ANTITRUST DIVISION BREAKS INTERNATIONAL PRICE FIXING CONSPIRACY IN FAX PAPER INDUSTRY

WASHINGTON, D.C. -- After a two year coordinated effort between the United States and Canadian antitrust investigators, U.S. Attorney General Janet Reno today announced the break up of a \$120 million a year international cartel in the fax paper market.

Charges were filed in the United States and in Canada against a Japanese corporation, two American subsidiaries of Japanese companies, and a former president of one of the U.S. subsidiaries for their involvement in a price fixing conspiracy that raised thermal fax paper prices by approximately 10 percent.

The defendants agreed to plead guilty and to pay criminal fines of more than \$6 million.

In papers filed today in U.S. District Court in Boston, Kanzaki Specialty Papers Inc. of Ware, Massachusetts and its former president, Kazuhiko Watanabe, a Japanese national, were charged with conspiring with the Mitsubishi Corporation of Tokyo, Japan and the Mitsubishi International Corporation of New York,

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as well as others, to fix and raise prices of thermal facsimile paper sold in North America in 1991 and 1992.

Attorney General Reno said, "Foreign firms that want to do business in the U.S. must take our antitrust laws seriously and must play by our rules of fair competition when setting prices to be paid by U.S. consumers."

The plea agreements, which must be approved by the court, followed a joint investigation by the Antitrust Division, the Canadian Bureau of Competition and the Canadian Department of Justice. Parallel charges were brought against Kanzaki Specialty Papers by Canadian authorities on Tuesday, July 12, 1994.

The Department charged that the defendants and co-conspirators, through a series of meetings and telephone conversations, agreed to charge higher prices to thermal fax paper customers in North America.

"This conspiracy primarily affected small businesses and home fax machine owners since thermal paper is the most affordable for those users," said Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division. "The Department will continue to break up international conspiracy rings that increase prices for consumers and make it difficult for hard working Americans to survive in the business world," she added.

Kanzaki Specialty Papers Inc. is a wholly owned subsidiary

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of the New Oji Paper Co. of Japan. In 1991, Kanzaki Specialty Papers Inc. made about \$40 million in sales of jumbo roll thermal facsimile paper to customers in North America. Watanabe, a Japanese citizen, currently lives and works in Japan for the New Oji Paper Co.

Kanzaki agreed to pay \$4.5 million and Watanabe agreed to pay \$165,000 in criminal fines.

Mitsubishi Corporation is a Japanese trading house that distributes goods worldwide with total 1991 sales of over \$130 billion. Its fax paper sales shipped to the U.S. market were about \$5 million in 1991. It has agreed to pay a \$1.26 million dollar criminal fine.

Mitsubishi International Corporation is headquartered in New York, New York. It distributes a variety of Japanese manufactured products in the U.S. In 1991 it had about \$5 million in U.S. sales of fax paper. It has agreed to pay a \$540,000 criminal fine.

Thermal fax paper is coated with a chemical composition that allows it to image by a transfer of energy from a thermal print head. It is used primarily by small businesses and home fax machine owners.

The Canadian and United States authorities are continuing their joint investigation into the fax paper industry pursuant to the Mutual Legal Assistance Treaty (MLAT) between the two countries. This case represents the first joint criminal

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antitrust prosecution with Canadian competition authorities, the Department said.

Bingaman said, "This investigation is an important step forward in the use of the MLAT to prosecute cross-border antitrust crimes that lead to higher prices for consumers in both Canada and the United States."

The maximum penalty for a corporation convicted under the Sherman Act is a fine of \$10 million, twice the pecuniary gain the corporation derived from the crime, or twice the pecuniary loss caused to the victims of the crime, whichever is greater.

The maximum penalty for an individual convicted under the Sherman Act is three years in prison and a fine of \$350,000, twice the pecuniary gain the individual derived from the crime, or twice the pecuniary loss caused to the victims of the crime, whichever is greater.

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